

D R A F T
Central Valley Project
M&I Water Shortage Policy
September 11, 2001

The CVP (Central Valley Project) is operated under Federal statutes authorizing the CVP and by the terms and conditions of water rights acquired pursuant to California law. During any year, there may occur constraints on the availability of CVP water for an M&I (municipal and industrial) contractor under its contract. Thus, the purposes of this policy are to:

- ' Define water shortage terms and conditions applicable to all CVP M&I contractors
- ' Establish a minimum water supply level that (a) with M&I contractors' drought water conservation measures and other water supplies would sustain urban areas during droughts, and (b) during severe or continuing droughts would, as much as possible, protect public health and safety
- ' Provide information to help M&I contractors develop drought contingency plans

Currently, many M&I contractors are not using the full M&I portion of their contract total. If the M&I water shortage allocation were applied to full contract entitlements, the resulting allocation for some contractors would exceed their current demand. M&I water demands within the CVP are continually increasing. Therefore, the provision for "75 percent M&I reliability" will be applied to a contractor's *historical use*, with certain adjustments, up to the CVP projected M&I demand as of September 30, 1994. Reclamation recognizes that as water conservation measures are implemented there is a hardening of demand that lessens an M&I contractor's ability to reduce demand during shortages.

The capability of the CVP to meet the water supply levels addressed by this policy is subject to the availability of CVP water supplies. M&I water shortage allocation may differ between divisions of the CVP. Generally, the allocation (percentage) to the various divisions will be the same, unless specific operational constraints on Reclamation require otherwise.

Reclamation explored the concept of two tiers of M&I water supply reliability as proposed by contractors in the CVPIA (Central Valley Project Improvement Act) Administrative Proposal on Urban Water Supply Reliability. Although Reclamation determined not to adopt two tiers, it will facilitate the sale of CVP water from willing sellers to M&I contractors when necessary.

Definitions

Historical use - The average quantity of CVP water put to beneficial use within the service area during the last 3 years of water deliveries, unconstrained by the availability of CVP water. Reclamation and the contractor will negotiate the calculated historical use, to be outlined in a contract exhibit that can be modified during the contract period (but that will not require formal contract amendment). Reclamation recognizes that certain circumstances may require adjustment of the historical use such as growth, extraordinary water conservation measures, or use of non-CVP water supplies. Also, Reclamation may agree to adjust the historical use on the basis of unique circumstances, after consultation with the contractor. An example of a unique circumstance is the year following a drought year, in which water users are still using extraordinary water conservation measures, or the converse, in which a contractor may use more water than historically used in order to recharge ground water.

Adjusted for growth - An adjustment to the contractor's historical use quantity to account for demand increases within the contractor's service area to include (but not be limited to) increases due to population growth and to the number or demand of industrial, commercial, and other entities the contractor serves, provided the contractor provides required documentation to Reclamation.

Adjusted for extraordinary water conservation measures - An adjustment to the contractor's historical use quantity to account for conservation measures that exceed applicable best management practices adopted by the California Urban Water Conservation Council. A water conservation measure considered extraordinary in 2001 may be a mandatory best management practice in 2010 and thus would not be considered extraordinary in 2010.

Adjusted for Non-CVP water - An adjustment to the contractor's historical use quantity to account for water sources other than the CVP used to satisfy M&I demand within the contractor's service area, subject to written documentation from the contractor that shows the extent to which use of the non-CVP water actually reduced the contractor's use of CVP water in other years.

Public health and safety - M&I uses to which water is allocated consistent with criteria established by the State of California, or as established by Reclamation consistent with criteria applied by similarly situated California M&I water supply entities, as applicable, during declared water shortage emergencies.

Terms and Conditions

1. Allocation of M&I water will be based on a contractor's historical use of CVP M&I water, adjusted for (a) *growth*, (b) *extraordinary water conservation measures*, and (c) *non-CVP water*, subject to Term and Condition 3. At the contractor's request, Reclamation will consult

with the contractor to adjust the contractor's historical use on the basis of (a) growth, (b) extraordinary water conservation measures, and (c) use of non-CVP water. Term and Condition 1 is intended to encourage contractors to use non-CVP water first and rely on CVP water as a supplemental supply. Reclamation will adjust the historical-use calculation to reflect the effect of non-CVP water used in lieu of use of the contractor's CVP water. Crediting for this non-CVP water will be based on 1 acre-foot for 1 acre-foot, unless Reclamation and the contractor agree otherwise in considering unique circumstances. The contractor must fully document use of non-CVP water to clearly show how much that water use actually reduced the contractor's use of CVP water in other years, and submit the documentation in writing to Reclamation.

2. For an M&I contractor to be eligible for the "minimum shortage allocation" of 75 percent of adjusted historical use, the contractor's water service contract must reference M&I water shortage policy. In addition, the water service contractor must (a) have developed and be implementing a water conservation plan that meets CVPIA criteria and (b) be measuring such water consistent with section 3405(b) of the CVPIA. Reclamation intends to incorporate in all new, renewed, and amended water service contracts, a provision that references the CVP M&I water shortage policy.

3. This M&I water shortage policy applies only to that portion of the CVP water identified as projected M&I demand as of September 30, 1994, as shown for year 2030 on Schedule A-12 of the 1996 Municipal and Industrial Water Rates book and for those contract quantities specified in section 206 of Public law 101-514. Subject to these limitations, except as provided for public health and safety levels (Term and Condition 7), irrigation water transferred or converted to M&I use after September 30, 1994, will be subject to shortage allocation as irrigation water. For CVP water transferred or assigned, a CVP contractor may request that the CVP water so obtained be eligible for M&I reliability. Before Reclamation may approve such a request, the transferee or assignee must fully mitigate any adverse impacts to agricultural water supplies. Further, for CVP water converted, an M&I contractor may request a permanent conversion from agricultural shortage criteria to M&I shortage criteria, provided there are no adverse impacts to agricultural or other M&I water supply contracts .

4. Before allocation of M&I water to a contractor will be reduced, allocation of irrigation water will be reduced below 75 percent of contract entitlement, as shown here:

Irrigation Allocation	M&I Allocation
100%	100%
95%	100%
90%	100%
85%	100%
80%	100%

75%	100%
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5. When allocation of irrigation water has been reduced below 75 percent and still further water supply reductions are necessary, both the M&I and irrigation allocations will be reduced by the same percentage increment. The M&I allocation will be reduced until it reaches 75 percent of adjusted historical use, and the irrigation allocation will be reduced until it reaches 50 percent of contract entitlement. The M&I allocation will not be further reduced until the irrigation allocation is reduced to below 25 percent of contract entitlement, as shown in the following tabulation.

Irrigation Allocation	M&I Allocation
70%	95%
65%	90%
60%	85%
55%	80%
50%-25%	75%

6. When allocation of irrigation water is reduced below 25 percent of contract entitlement, Reclamation will reassess both the availability of CVP water supply and CVP water demand. Due to limited water supplies, during these times M&I water allocation to contractors may be reduced below 75 percent of adjusted historical use.

7. Reclamation will deliver CVP water to an M&I contractor at not less than a *public health and safety* water supply level, provided CVP water is available, if (a) the Governor declares an emergency due to water shortage applicable to that contractor or (b) Reclamation, in consultation with the contractor, determines that an emergency exists due to water shortage. The contractor will calculate the public health and safety level using criteria developed by the State of California and submit the calculated level to Reclamation along with adequate support documentation for review. Reclamation will ensure that the calculated level is consistent with such criteria. If State criteria do not exist, the contractor will apply criteria developed by Reclamation (in consultation with the contractor) that will be consistent with relevant criteria used by similarly situated California M&I water entities. Reclamation will provide a water supply at the public health and safety level to all CVP M&I contractors, including contractors with allocation of irrigation water transferred or converted to M&I use after September 30, 1994. At times of extraordinary circumstance, Reclamation may determine that it is necessary to vary the allocation of M&I water among contractors, taking into consideration a contractor's available non-CVP water.

8. Each M&I contractor will provide to Reclamation its drought contingency plan designed to protect public health and safety. The contractor may provide a copy of its Urban Water Management Plan (UWMP) or water conservation plan (WCP) to Reclamation in lieu of a separate drought contingency plan so long as the UWMP or WCP contains the contractor's drought contingency plan.

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